Making Money with Eclipse: A Survivor’s Guide

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Thursday, March 20th
10:10 am – 11:00 am
Room 206
Agenda

• Who is Genuitec and what did we do
• What worked well for us
• What did we learn over the years
• What didn't work for us
• Questions
What we did
Disclaimer: What this presentation is, and is not

• This presentation is...
  ♦ A “historical retrospective” that explains what we did and why
  ♦ A set of personal experiences and anecdotes
  ♦ About how we run our business

• This presentation is not...
  ♦ A turn-key framework for success
  ♦ Asserting that what we did is the “only way” to succeed
  ♦ About how to run your business
J2EE tools market in early 2003

• Mature
  ◆ In existence for several years
• Competitive
  ◆ Many solutions to choose from
• Entrenched
  ◆ Users already had a solution that worked for them
• Dominated
  ◆ A few large companies set direction and price points
If we knew the market, why did we enter it?

• Technical Background
  ◆ Expertise in J2EE tool building
  ◆ Expertise in J2EE training, consulting, mentoring

• Unhappy with the status quo from other vendors
  ◆ Expensive products without updates
  ◆ Expensive update policies without support
  ◆ No support, except as an expensive “value add”

• Wanted to change the market
  ◆ “Never doubt that a small group of thoughtful, committed people can change the world. Indeed, it is the only thing that ever has”. - Margaret Mead (anthropologist)
Competing on our terms

• Traditional competition would be certain failure
• Overwhelming value to customers
  ♦ A tool buffet for $30/user/year, not a la carte
  ♦ Relentless delivery – new release several times a year
• Start with “non-customers” of enterprise IDEs
  ♦ Reinvest the proceeds and relentlessly move up-market
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What worked well for us

• Focused on “failing fast” if we were going to fail
   Tested the business model quickly and cheaply
   Wanted to save time and money for subsequent ideas
   Limited downside exposure to avoid “killing the company”

• Treated the money like it was ours
   Initially created just enough of everything to barely “get by”
   Got “on the field” quickly and drove toward revenue fast
   Lived by cash flow – stayed within our means

• Disrupted an existing market
   Existing markets already have customers in them
   Creating a new market with new customers is a difficult, lengthy and very expensive process
What worked well for us

• Selling direct to our customers
  ◦ No sales department
  ◦ Site search optimization because developers like to “find”

• Unrestricted download / try / buy is a big sales force

• Low price allows anyone to make a “buy” decision

• Singular focus and vision
  ◦ Didn't have to please anyone but our customers
  ◦ No investors to convince or cajole

• Our subscription-based business model
  ◦ Enduring well, even after five years
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Lesson 1 – Poets aren't realists

• It's not: “Build a better mousetrap and the world will beat a path to your door” – Ralph Waldo Emerson (poet)

• It's: “Don’t worry about people stealing an idea. If it’s truly original, you will have to ram it down their throats.” – Howard Aiken (computer industry pioneer)
Lesson 2 – Building software is the easy part

• It's easier to build software than a credible brand
  ▪ Software takes weeks to months to build
  ▪ Credibility can take years
    ▪ Based on historical performance or “track record”
    ▪ Say what you do, do what you say

• Credibility impacts sales
  ▪ Corporations will adopt commensurate with credibility, at best
Lesson 3 – A website takes time

• Keep it minimal
  ♦ Few pages with simple messages – not lots of prose
  ♦ Forums to start a conversation with users
  ♦ Payment system

• Taking money over the Internet isn't trivial
  ♦ Several payment modes and models
  ♦ Taxes by state or country
  ♦ Currency conversions
  ♦ Resellers

• Creating web content is marketing, not technology
  ♦ Succinctly articulate your message
  ♦ Use big buttons – because people don't read
  ♦ The website is a resume; the download is the interview
Lesson 4 – There are no abstractions in business

• Business competition is very intense
  ◆ Lots of money is involved
  ◆ Making a big mistake can kill your product or company

• Technical problems are also business problems
  ◆ Affecting schedules or features has real financial cost
  ◆ Delays or feature slips affect market position and credibility
  ◆ Need to connect everyone to the bottom line

• Software expertise is not transferable to business
• It is very difficult to explain any of this to technologists
Lesson 5 – Perfection is not a valid goal

• Software that is “good enough” really is
  ❖ Perfection is the enemy of “good enough”
  ❖ “Perfect code” never ships
• Ship often, as soon as you have compelling new value
  ❖ Creates a culture of constant improvement
  ❖ Greatly increases value to customers
  ❖ Iterative refinement allows customers to provide feedback
• Solve customers' current problems
• Provide a better way, not a new way
• Don't fall in love with what you build
• Customers don't care what you value, only what they do
• Be ready to dump what customers don’t value
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Failures 1 & 2 – Premium Support & Training

• Premium Support
  - Purchase per incident
  - Guaranteed response time via email or phone
  - Targeted at large product adopters

• Training
  - Classroom training at corporate sites
  - On-site “bootcamps” solving real customer problems
Failures 3 & 4 – Magazines & Lotteries

• Print ads
  • Quite expensive compared to other avenues
  • Developers are highly resistive and excellent at ignoring
  • Our volume-based business model is not a good fit

• Online prize contests
  • iPods
  • Conference passes
  • Product subscriptions
Failure 5 – Anonymous Marketing
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Thank You

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